



Department of Audit

Milwaukee County

Jerome J. Heer

• Director of Audits

Douglas C. Jenkins

• Deputy Director of Audits

December 20, 2007

To the Honorable Chairman
of the Board of Supervisors
of the County of Milwaukee

We have completed an audit of the Zoological Department's Participation in the Milwaukee County Travel Card Program.

Recommendations contained in the enclosed audit report focus on internal controls to prevent the overpayment of travel expenses.

A response from the Zoo Director is also enclosed. We appreciate the cooperation extended by the Zoo Director and Zoological Department.

Please refer this report to the Committee on Finance and Audit.

Jerome J. Heer
Director of Audits

JJH/cah

Enclosures

cc: Milwaukee County Board of Supervisors
Charles Wikenhauser, Director, Zoological Gardens
Rob Henken, Director, Department of Administrative Services
Scott Walker, Milwaukee County Executive
Amos Owens, Administrator, DAS-Procurement Division
Daniel Diliberti, Milwaukee County Treasurer
William Domina, Corporation Counsel
Terrence Cooley, Chief of Staff, County Board Staff
Steve Cady, Fiscal & Budget Analyst, County Board Staff
Delores Hervey, Chief Committee Clerk, County Board Staff

COUNTY OF MILWAUKEE
Inter-Office Communication

Date: December 19, 2007

To: Charles Wikenhauser, Director, Zoological Gardens

From: Jerome J. Heer, Director of Audits

Subject: Review of the Zoological Department's Participation in the Milwaukee County Travel Card Program

Background

The travel card program, which began as a pilot in the Office of the Sheriff in 2001, was created to reduce the need for travel advances, expedite travel arrangements, increase the opportunity to take advantage of travel discounts, and provide greater flexibility in meeting travel needs. Generally, most costs associated with a travel event such as airfare, car rental, lodging, meals, and seminar registration fees are eligible for purchase under the program.

The program is of particular benefit to the Office of the Treasurer as the result of the reduced level of travel advances it has to process and the Office of the Sheriff, with its need to be able to carry out extradition of prisoners on short notice. The program also benefits the Accounts Payable Section of the Department of Administrative Services due to a reduction in travel expense reports it must process. The Office of the Sheriff is by far the predominant user of the program with 742 card transactions totaling \$79,194 in 2006. In comparison, card transactions for the Zoological Department, the only other participant in the program, had 58 transactions totaling \$13,038 in 2006.

We conducted a previous review the Travel Card Program, which included the Office of the Sheriff's participation. In our April 6, 2005 report, we recommended the Office of the Sheriff strengthen controls to prevent processing of multiple payments for the same travel expenses and improve documentation of purchases. In addition, to comply with County requirements and sound contracting practices, we recommended that the Office of the Treasurer modify its contractual relationship with the card service intermediary.

Our current review focused on the Zoological Department's participation in the travel card program and the status of the contractual relationship with the card service intermediary.

Prevention of Multiple Payments of the Same Travel Expenses

Similar to Office of the Sheriff, multiple payments of the same travel expenses could occur within the Zoological Department (Zoo) if expenditures paid with a travel card are also claimed on a travel expense report submitted to the Accounts Payable Section. However, in contrast to the Office of the Sheriff, the likelihood of this taking place with the Zoo is significantly decreased due to its low card activity and the limited number of travel cards issued to the department. Furthermore, the Zoo has an internal travel policy requiring all air, bus, and train transportation for Zoo staff to be acquired exclusively by Zoo accounting personnel, using the travel card. The Zoo's travel policy also requires most non-transportation related costs (lodging, meals, etc.) to be paid directly by, or be reimbursed through, Accounts Payable, further reducing the potential for multiple payments.

We examined travel expense reimbursement forms processed by Accounts Payable for Zoo employees to determine if any multiple payments of travel expenses had occurred. As a result, we found that none of the 23 travel card transactions we selected from 2004 - 2006 were also reimbursed through Accounts Payable. However, in one instance we found that, while the cost of roundtrip airfare to Bangkok, Thailand was paid with a travel card, there was no travel expense report for lodging, meals or any other expenses associated with the trip. According to Zoo management, the Zoological Society (Society) occasionally funds employee travel expenses when attending certain Zoological related events. In this instance, the employee attended a conference on the international trade of endangered species, according to Zoo records.

Zoo management indicated that when the Society sponsors employee travel, the expenses are paid directly by the organization and that while records of these expenses are provided by the Society to the Zoo, they are not retained. Due to the absence of records from the Zoological Society, we were unable to determine whether or not employees' travel expenses paid with a travel card or through Accounts Payable, were also paid by the Zoological Society to the vendor or the employee. However, according to the Zoo director, the Zoological Society requires his approval prior to funding Zoo employee travel expenses.

To document that travel expenses paid using a travel card or through Accounts Payable were not also funded by the Zoological Society or other sponsoring organization, we recommend that Zoological Department management:

1. Require an adequate accounting of employee travel funded by any sponsoring organization and ensure that this information was considered when processing travel expenses paid by the County for these travel events.

Travel Policies and Procedures

We noted that the Zoo's use of the travel card varies somewhat from established travel card program procedures. In particular, the Zoo does not strictly adhere to the use of the standardized forms prescribed in the program procedures manual. Given the Zoo's limited use of the program, the small number of cards issued to it, and the tighter restrictions placed on card use through its internally developed travel procedures and forms, these variations appear to be reasonable and practical for the Zoo to follow. However, if additional departments participate in the travel card program, countywide inconsistency could become a greater issue and reevaluation of the procedures followed by the Zoo would be warranted.

In reviewing our sample of 23 travel card transactions we identified opportunities for the Zoo's management to enhance control over travel card transactions and a few isolated instances where Zoo travel procedures were not followed. For example, while the accounting manager's signature is present on monthly credit card statements indicating they were reviewed and approved for payment, this procedure is not included in the Zoo's written travel procedures.

In addition, beyond management's assertion that monthly reconciliation of card billing statements to payments made to the card issuer recorded in the County's Advantage Accounting System are performed, no documentation is created to substantiate it. However, we found that card statement amounts equaled payments recorded in the Advantage accounting system. We also found that in isolated instances, an authorization form or a receipt was missing, although based on other information present, there are no concerns regarding the propriety of the transactions.

To enhance internal controls over the processing of travel card transactions, we recommend that Zoological Department management:

2. Include key processing steps performed by Zoo accounting personnel, such as the review and approval of monthly card billing statements and the reconciliation of these statements to Advantage, as part of its written procedures. Furthermore, appropriate documentation should be developed to evidence that these steps were performed.

Status of Contractual Relationship with Card Service Intermediary

In our previous review of the travel card program we expressed concern that sound contracting practices and County requirements were not followed in establishing an agreement with the card service intermediary. Rather than being bound to standard terms and conditions set by the card service intermediary, we recommended that the Office of the Treasurer work with the Procurement Division and the Office of the Corporation Counsel to either “piggy-back” on the existing procurement card agreement or establish a separate agreement that would contain provisions designed to protect County interests.

The travel card and the procurement card programs are currently administered through a common agreement with a card issuer. The agreement, reviewed and approved by the Office of Corporation Counsel, was created through a card service issuer’s commercial card application form and binds the County to the issuer’s standard terms and conditions. We noted that one of the provisions permits the card issuer to change the terms of the agreement at any time, with notice. It also provides that if the County did not wish to accept the changes, it must notify the card issuer and has 25 days from the notification date of the change to pay all debt in full. The agreement also states that any use of the card after the card issuer’s notice constitutes acceptance of the new terms.

Consequently, if any changes in terms or conditions by the card issuer are unacceptable to County administrators, this could be disruptive to both of the County’s card programs. Regarding the potential consequences issue, the Office of Corporation Counsel has advised us that it found the risk was acceptable in light of the County’s ability to cancel the accounts on short notice. Although we find that the card agreement is less than ideal, based on the advice of Corporation Counsel, we do not make any recommendations in this regard.

Audit Scope

The objectives of this review were to determine whether policies, procedures and practices are sufficient to prevent multiple payments of travel expenses incurred by the Zoological Department, the Department is in compliance with policies and procedures associated with the travel card program, and to evaluate the current status of the contractual relationship with the card service intermediary. The audit was conducted in accordance with the standards set forth in the United States Government Accountability Office Government Audit Standards (2003 revision). We limited our review to the items specified in this **Scope** section. During the course of this audit we performed the following:

- Reviewed travel card program policies and procedures and the internal travel policy and processing rules developed by the Zoological Department;

Charles Wikenhauser, Director, Zoological Gardens
December 19, 2007
Page Four

- Interviewed Zoological Department management responsible for coordination and administration of travel card use and its accounting staff involved with card use and processing responsibilities for the department;
- Examined County ordinances and administrative code related to employee travel;
- Performed testing of Zoological Department travel card use; examined authorization forms, receipts, billing statements, and other documentation necessary to verify whether policies and procedures are followed.
- Interviewed the County travel card program administrator;
- Reviewed contract documents related to the travel card program.

Jerome J. Heer
Director of Audits

JJH/cah

cc: Rob Henken, Director, Department of Administrative Services
William Domina, Corporation Counsel
Dan Diliberti, Milwaukee County Treasurer
Scott Manske, Controller, Department of Administrative Services
Amos Owens, Procurement Administrator, Department of Administrative Services

COUNTY OF MILWAUKEE

Inter-Office Communication

Date: December 12, 2007

To: Jerome J. Heer, Director of Audits

From: Charles Wikenhauser, Director, Zoological Department

Subject: Milwaukee County Zoo Travel Card Audit Responses

Zoo management appreciates the professional and objective review the Zoo Travel Card Program conducted by the Department of Audit.

The audit recommendations and the requested Zoo responses are identified below:

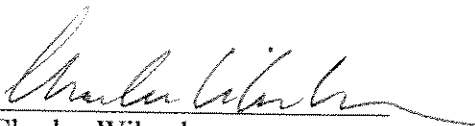
Audit Recommendation #1: Require an adequate accounting of employee travel funded by any sponsoring organization and ensure that this information is considered when processing travel expenses paid by the County for these travel events.

Zoo Response: Sue Rand will work with Dr. Bruce Beehler to update the Zoo travel policies by February 2008 to require sponsor funded travel information noted on Transportation Requests and Travel Advances and supporting documentation submitted to Zoo Accounting with Travel Expense Reports.

Audit Recommendation #2: Include key processing steps performed by Zoo accounting personnel, such as the review and approval of monthly card billing statements and the reconciliation of these statements to Advantage, as part of its written procedures. Furthermore, appropriate documentation should be developed to evidence that these steps were performed.

Zoo Response: Sue Rand will work with Dr. Bruce Beehler and Ivana Miles to update the Zoo travel policies by February 2008 to identify the Zoo Accounting procedures including reconciliation of travel card statements with the Milwaukee County's fiscal records and retention of appropriate verification documents.

Please contact Sue Rand, Zoo Accounting Manager if additional information is needed.


Charles Wikenhauser
Zoo Director